

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**THE LACK OF COMMUNITY FACILITIES
LIMITS THE PLACEMENT OF PERSONS
WITH DEVELOPMENTAL DISABILITIES**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL

P-709

THE LACK OF COMMUNITY FACILITIES LIMITS THE
PLACEMENT OF PERSONS WITH DEVELOPMENTAL DISABILITIES

DECEMBER 1987



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Thomas W. Hayes
Auditor General

December 2, 1987

P-709

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the Department of Developmental Services' implementation of the Community Placement Plan.

Respectfully submitted,

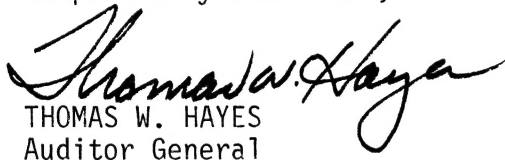

THOMAS W. HAYES
Auditor General

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SUMMARY

RESULTS IN BRIEF

In 1984, the Department of Developmental Services (department) determined that approximately 3,700 clients residing in state developmental centers did not meet the latest admission requirements. The department established the Community Placement Plan (CPP), in part, to develop community facilities for a total of 2,157 of these clients and successfully placed 1,702 clients (79 percent). Also, before our audit, the department made several improvements to the CPP. For example, the department commissioned a special consultant to conduct an evaluation of the CPP for fiscal year 1984-85. As a result of the study, the department made several changes to the CPP process. Nevertheless, the department did not attain all of its placement goals. During our review, we noted the following specific conditions:

- The 21 independent, nonprofit regional centers found it difficult to attract individuals or groups to establish appropriate facilities for clients because of the costs of developing new facilities and because of the claim that the State does not pay enough to operate facilities;
- The regional centers also lack enough resources to develop new facilities because of the costs involved in maintaining current facilities and ensuring that clients already in the community continue to stay there;
- New facilities were also difficult to develop because of licensing delays and because clients from the state developmental centers, even those considered for community placement, often require a higher level of care than other persons with developmental disabilities who are already in the community; and

- The regional centers have not developed community facilities for over 300 clients who need skilled nursing services.

As a result of these conditions, the department cannot achieve its long-term goal of providing services for eligible clients that allow the clients to approximate the pattern of everyday living that is available to nondisabled persons of the same age. Also, the department cannot achieve its long-term goals of reducing the number of clients in state developmental centers and eventually phasing out two more of these state facilities in addition to Napa State Hospital, which the department transferred to the Department of Mental Health in July 1986.

BACKGROUND

The department provides services to persons with developmental disabilities and establishes statewide policies for these services. The department provides the services through a statewide system of 7 state developmental centers (formerly known as "state hospitals") and 21 independent, nonprofit regional centers. The regional centers have the primary responsibility for the development of community resources.

In fiscal year 1984-85, the department initiated the Community Placement Plan (CPP), in part, to develop community facilities for the large number of clients residing in state developmental centers who were eligible for community placement. To implement the CPP, the department and the regional centers established annual goals for the community placement of eligible clients.

PRINCIPAL FINDINGS

The Lack of Community Facilities Limits the Placement of Persons With Developmental Disabilities

From fiscal year 1984-85 through fiscal year 1986-87, the department has placed 1,702 clients from state developmental centers into the community through the CPP. Also, before our audit, the department made several improvements to the CPP. For example, the department commissioned a special consultant to conduct an evaluation of the CPP for fiscal year 1984-85. As a result of the study, the department made several changes to the CPP process. Nevertheless, the department has not met its community placement goals in any of the three years of the CPP. For example, in fiscal year 1986-87, the department's goal was 600 placements; however, the actual number of placements was 505 for the year. Furthermore, the department is not developing community placements for over 300 clients who require skilled nursing services. According to officials from the department, the regional centers, the state developmental centers, and advocacy groups, the department has not met its CPP goals for community placements because it has found it difficult to develop appropriate new community facilities.

Because the department has not met its CPP goals, the department cannot achieve its long-term goals of providing services for eligible clients that allow the clients to approximate the pattern of everyday living available to nondisabled people of the same age. The department also cannot meet its long-term goals of reducing the number of clients in state developmental centers and eventually phasing out two more of these state facilities in addition to Napa State Hospital, which the department transferred to the Department of Mental Health in July 1986.

RECOMMENDATION

To improve the planning process for the CPP, the department should reevaluate its long-term plan and goals for reducing the number of clients in state developmental centers and phasing out two state developmental centers, taking into consideration a more realistic view of the number of community placements possible.

AGENCY COMMENTS

The department agrees with our findings and will implement our recommendations.

INTRODUCTION

The Department of Developmental Services (department) provides services to persons with developmental disabilities and establishes statewide policies for these services. According to the Lanterman Developmental Disabilities Services Act (Lanterman Act), Section 4500 et seq. of the Welfare and Institutions Code, developmental disabilities include mental retardation, handicaps closely related to mental retardation, and handicaps that require treatment similar to that used for mental retardation. Under this definition, persons with cerebral palsy, epilepsy, and autism are classified as persons with developmental disabilities. A person with a developmental disability is eligible to receive services if the disability originates before the person is 18 years old, if the condition is expected to continue indefinitely, and if the disability constitutes a substantial handicap.

The Lanterman Act, originally enacted as Chapter 1252, Statutes of 1977, specifies that services should be available to enable persons with developmental disabilities to approximate the pattern of everyday living available to nondisabled people of the same age. The department's policy is that, in theory, any developmentally disabled person could be served in a community facility. However, the department acknowledges that persons with certain needs are not optimally served in the community and may have to be placed in a state developmental center (formerly known as a "state hospital"). Nevertheless, according to the chief of the department's Regional

Centers Section, the department considers a state developmental center to be a generally more restrictive environment for developmentally disabled clients. The department focuses on the provision of those services that best prepare eligible clients for living in the community.

As of January 1986, over 78,000 persons have been identified as eligible for services. The department serves clients that range from newborn infants to centenarians although the largest group, 47 percent, are between the ages of 22 and 49. Approximately 57 percent of the clients live in their family homes, 5 percent live independently, approximately 29 percent reside in out-of-home facilities such as community care homes, and 9 percent reside in state developmental centers.

The majority of the department's clients have only a single diagnosis, primarily mental retardation. Nevertheless, 39 percent of the department's clients have multiple diagnoses; for example, over 10 percent of the department's clients are mentally retarded and also suffer from epilepsy and cerebral palsy. Clients residing in the state developmental centers are much more likely to have multiple diagnoses than the community-based clients.

In addition to single and multiple diagnoses, the department's clients can have other related and unrelated physical and behavioral problems. To evaluate these problems, the regional centers record

information about the clients' types and degrees of disability and assesses the clients' physical and psychological health. Using a Client Development Evaluation Report (CDER), the regional centers also assess a client's motor, independent living, social, emotional, cognitive, communication, and vocational skills.

Regional Centers and State Developmental Centers

The department provides services to persons with developmental disabilities through a statewide system of 21 independent, nonprofit regional centers and 7 state developmental centers. The Legislature determined that to provide persons with developmental disabilities access to the facilities and services best suited to them throughout their lifetimes, the department would need to contract with appropriate agencies to provide "fixed points of contact" in the community for these persons and their families. These fixed points of community contact are called regional centers, and the department contracts with them annually to provide services specified in the Lanterman Act.

The regional centers provide a series of services, including diagnosing and assessing clients' disabilities and managing clients' cases. In addition, the regional centers purchase services for clients from approved vendors or obtain services from other providers. Furthermore, when appropriate vendors are not available to meet the current or expected needs of the clients, the regional centers take an active role in developing new community resources. For example, the

regional centers are responsible for developing new residential facilities to provide placements in the community for clients of the state developmental centers. Finally, the regional centers are responsible for monitoring the quality of the services that are provided to their clients and for taking actions to improve those services.

The department is also responsible for the operation of seven state developmental centers: Agnews, Camarillo, Fairview, Lanterman, Porterville, Sonoma, and Stockton developmental centers. In July 1986, the department transferred responsibility for the Napa State Hospital to the Department of Mental Health, which provided services through an interagency agreement to persons with developmental disabilities at the hospital. According to the chief of the department's Regional Centers Section, the last of these clients were moved from Napa State Hospital on August 11, 1987.

The state developmental centers provide services to clients who are referred by the regional centers, the county mental health departments, or the judicial system. A person can be admitted directly to a state developmental center from the judicial system. This type of admission usually occurs when a person's competency to stand trial on criminal charges needs to be evaluated, when a person's incompetency has been established, or when a person with a developmental disability commits a crime and is found to be "not guilty by reason of insanity."

The state developmental centers provide care, training, and supervision for all residents on a 24-hour basis. Care includes the provision of appropriate medical, nursing, dental, and other health services; training includes habilitation, education, and other skill development programs and services. Clients with maladaptive behavior receive special supervision using behavior modification techniques and therapies. The variety of programs at state developmental centers such as vocational, behavioral, and occupational training programs are designed to increase a client's independence and "normalcy" of behavior, to teach a client to maintain his or her health and welfare, and to increase a client's ability to control his or her environment. The state developmental centers place special emphasis on teaching independent living skills that, if acquired, would allow the clients to reside in an appropriate community setting.

The staff members of each state developmental center include specialists such as physicians, psychologists, teachers, social workers, rehabilitation therapists, speech pathologists, audiologists, nurses, and psychiatric technicians. Through an interdisciplinary team process, the staff members develop and implement an individualized plan designed to effect improvements for each client. The staff members also continually evaluate the effectiveness of the care and treatment provided to the clients.

The Community Placement Plan

In fiscal year 1984-85, the department initiated a program known as the Community Placement Plan (CPP), which the department developed in response to three major problems. The first problem was that a large number of clients who resided in state developmental centers had been referred for community placement but had not been placed because appropriate facilities were not available. The second problem was that an even larger number of clients in state developmental centers were judged to be potentially eligible for community placement. Using clients' CDERs, the department determined that approximately 3,700 clients in state developmental centers did not meet the latest admission requirements for these state facilities and might be better placed in community facilities. The final problem was that only a small number of clients from state developmental centers had actually been placed in the community in the previous year.

The purpose of the CPP is to identify residents of state developmental centers who no longer need the intensity of services provided in such settings and to place these residents in community facilities. Another major purpose of the CPP is to stimulate the development of new community resources. Each of the regional centers provides the department with estimates of the resources they need to place a certain number of clients from state developmental centers in the community. The department uses these estimates to formulate the annual goals of the CPP.

SCOPE AND METHODOLOGY

The purpose of this audit was to evaluate the department's implementation of its Community Placement Plan (CPP). We reviewed how the department established the CPP and, for each fiscal year from 1984-85 through 1986-87, we reviewed the CPP estimates and plans submitted by the regional centers. We also reviewed the actual number of CPP clients placed in the community. In addition, we reviewed the department's correspondence with the regional centers to document the problems associated with the development of new community resources.

We also met with licensing staff from the Department of Social Services and the Department of Health Services, and we documented these departments' licensing requirements for community facilities and the problems associated with the licensing process. Further, we examined the department's implementation of certain improvements to the CPP process including the Regional Resource Development pilot project and the Alternative Residential Model. The pilot project's goals include increasing community resources for persons with developmental disabilities and improving communication among those involved in the CPP process. The Alternative Residential Model is a new system for reimbursing service providers.

Furthermore, we visited the State's 7 developmental centers and 9 of the 21 regional centers. While at the state developmental centers, we determined how many clients were eligible for

community placement and how many of those clients required skilled nursing services as part of their community placement. Finally, we reviewed the files of 26 clients whom the regional centers placed in the community but who returned to state developmental centers between July 1, 1986, and March 31, 1987. We determined whether the clients appeared to have been appropriately placed.

AUDIT RESULTS

THE LACK OF COMMUNITY FACILITIES LIMITS THE PLACEMENT OF PERSONS WITH DEVELOPMENTAL DISABILITIES

In calendar year 1984, the Department of Developmental Services (department) determined that approximately 3,700 clients residing in state developmental centers did not meet the latest admission requirements for these state facilities. The department established the Community Placement Plan (CPP), in part, to develop community facilities for these clients. From fiscal year 1984-85 through fiscal year 1986-87, the department established goals for placing a total of 2,157 of the clients into community facilities and successfully placed 1,702 clients (79 percent). Also, before our audit, the department made several improvements to the CPP. For example, the department commissioned a special consultant to conduct an evaluation of the CPP for fiscal year 1984-85. As a result of the study, the department made several changes to the CPP process. However, the regional centers found it difficult to attract individuals or groups to establish appropriate community facilities for the clients because of the costs of developing new facilities and because of the claim that the State does not pay enough to operate facilities. In addition, because of the costs involved in maintaining current facilities and ensuring that clients already in the community continue to stay there, the regional centers cannot always commit enough resources to develop new facilities. Facilities were also difficult to

develop because of licensing delays and because clients from state developmental centers often require a higher level of care than other persons with developmental disabilities who are already in the community. Furthermore, the department has not developed community placements for over 300 clients who need skilled nursing services. Because of these conditions, the department cannot achieve its long-term goal of providing services for eligible clients that allow the clients to approximate the pattern of everyday living that is available to nondisabled persons of the same age. Also, the department cannot achieve its long-term goal of reducing the number of clients in state developmental centers and eventually phasing out two more of these state facilities in addition to Napa State Hospital, which the department transferred to the Department of Mental Health in July 1986.

The CPP's Placement Goals and the Number of Clients Placed

In March 1983, the department added new criteria for admission to a state developmental center. The new criteria admit only developmentally disabled persons who meet one of the following three requirements: the client needs a highly structured 24-hour a day program, a relatively long-term concentration of highly specialized resources, or a secure environment because of anti-social behaviors associated with the client's disability. The criteria also state that persons meeting these general conditions usually present severe behavior problems or carry a dual diagnosis; that is, they are considered to be mentally disordered and developmentally disabled and

present a danger to themselves or others. In addition, persons with developmental disabilities who also have severe medical problems or who suffer from autism, blindness, or deafness, generally meet the admission criteria. Finally, persons with developmental disabilities who are committed under the provisions of the Welfare and Institutions or Penal codes and who are persons for whom hospitalization has been selected as the preferable alternative to a correctional facility are also admitted. In calendar year 1984, the department used the new admission criteria to review the number of clients in state developmental centers and determined that approximately 3,700 of a total of almost 7,500 clients did not meet the admission criteria.

In fiscal year 1984-85, the department established the Community Placement Plan (CPP) to place in the community the approximately 3,700 clients who no longer met the admission criteria of state developmental centers. The department required each regional center to develop its own placement plans and goals, which the department aggregated into a statewide plan and goal. Table 1 shows the CPP goals for fiscal year 1984-85 through fiscal year 1986-87 and the actual number of placements in each fiscal year.

TABLE 1
DEPARTMENT OF DEVELOPMENTAL SERVICES
COMMUNITY PLACEMENT PLAN
INITIAL GOAL AND
ACTUAL NUMBER OF CLIENTS PLACED
FISCAL YEAR 1984-85 THROUGH FISCAL YEAR 1986-87

<u>Number of Placements</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>Total</u>
Initial goal	810	747	600	2,157
Actual placements	592	605	505	1,702

Source: The department's assistant chief of the Regional Centers Section.

As the table shows, the department did not meet the CPP's goals in any of the three fiscal years since the CPP's implementation.

Not Enough Resources Exist
To Meet Community Placement Goals

The process for placing a client from a state developmental center into the community is a complex one that requires the participation and cooperation of the regional centers, the state developmental centers, families, and the service provider industry. The process consists of preliminary planning and coordination; the identification, assessment and referral of the client; the identification or development of appropriate services in the community such as residential, day-training, and transportation services; the preparation of the family and the client for the transition; and the

preparation and training of the prospective providers. According to the department's special consultant, regional centers have experienced problems in each part of the placement process; however, officials from the department, regional centers, state developmental centers, and advocacy groups point out that the primary cause of the regional centers not meeting their placement goals is that the regional centers have found it difficult to develop appropriate community facilities.

According to the department's special consultant and officials from regional centers, the regional centers encountered serious problems in trying to attract individuals or groups to establish appropriate community facilities for clients of state developmental centers. For instance, officials from the regional centers told us that the costs of establishing a new facility can be prohibitive; for example, a liaison with the Regional Center of Orange County told us that the costs of housing are high in Orange County and discourage resource development. The liaison noted that a house with four bedrooms, the minimum necessary for a six-bed residential facility, costs in excess of \$275,000 on average. According to the liaison, the initial capital investment for the purchase or lease of this type of home exceeds the resources available to most providers. The department has determined that housing costs in certain areas of the State are 31 percent above the average cost for housing statewide.

The individuals or groups that provide new community facilities also contend that the State's current reimbursement rates do not cover the costs of establishing or maintaining a community facility. For example, a prospective provider from Ohio committed himself to develop facilities for 96 clients in fiscal year 1985-86. Four regional centers based their placement goals on the provider's plans for opening these facilities in California. However, in October 1985, the provider notified the department that, because of the low reimbursement rates, he would not develop the facilities. As a result, 96 (approximately 13 percent) of the 747 proposed placements for fiscal year 1985-86 were eliminated. According to the manager of the department's Community Program Branch, community facilities that are licensed as health facilities for persons with developmental disabilities received a rate increase of approximately 9 percent in August 1987. A further 9 percent increase is awaiting approval by the Office of Administrative Law. However, the manager also stated that facilities licensed as community care facilities for persons with developmental disabilities have not received a general rate increase since January 1986.

According to the department's chief of the Regional Centers Section, another of the problems facing regional centers in the development of new community facilities is a shortage of resources because of the costs involved in maintaining current facilities and ensuring that clients already in the community continue to stay there. Regional centers give first priority to keeping clients in the

community. As a result, when community facilities are threatened with closure because of financial or licensing problems, the regional centers must find new placements for the clients. In fiscal year 1986-87, at least 190 clients had to be relocated because the facilities in which they lived were closed. While these clients did not necessarily take the place of clients from the state developmental centers, the need for relocation took resources away from the CPP program. For example, according to the chief case counselor of the Tri-Counties Regional Center, the possible closure of facilities in the regional center's catchment area has required that staff from the regional center take over the operation of one of the facilities. The regional center is concentrating on keeping the clients in these existing facilities instead of developing new facilities for clients from state developmental centers.

Officials from the department, the regional centers, and the developmental centers told us that the regional centers and providers have also found it difficult to develop new facilities because of the length of time it takes to obtain a license for a facility. Community facilities are licensed either by the Community Care Licensing Division of the Department of Social Services or Licensing and Certification of the Department of Health Services. According to the deputy director of the Community Care Licensing Division, the licensing process in the Department of Social Services takes from 4 months to one year; according to the deputy director of Licensing and Certification, the licensing process in the Department of Health Services takes from 6

months to 18 months. Further, according to the deputy director of Licensing and Certification, in 1986, the federal government changed certain federal licensing requirements related to fire safety, requiring a similar change in state requirements. In June 1986, the certification of certain facilities was suspended until the State Fire Marshal's Office was able to complete its system to implement the new changes. The deputy director also noted that certification began again in December 1986; while the providers were awaiting licenses, the providers could not serve clients and had no means of income.

Finally, the regional centers have found it difficult to develop new community facilities because clients from state developmental centers, even those considered for community placement, can require a higher level of care than other persons with developmental disabilities who are already in the community. For example, certain behaviors such as self-abusive behavior that can be handled in a state developmental center cannot be easily handled in the community. Further, the department's special consultant noted that the transition of the client from the state developmental center to the community can be traumatic and cause regression in behavior and acquired skills. We reviewed the cases of 26 clients from state developmental centers who had been placed in the community but who had to be returned to a state developmental center between July 1, 1986, and March 31, 1987. In each case, it appeared that the client had been appropriately placed. However, 24 clients had to be returned because they developed behavior that could not be appropriately handled in the

community because the clients became dangerous to themselves or others. Another of the 26 clients returned to a state developmental center because his medical condition could not be handled in the community. The last client was returned because the facility in which he resided was closed.

No Community Placements Are Being Developed
for Clients Who Need Skilled Nursing Care

We identified 333 (22 percent) of 1,531 clients in the state developmental centers who are on referral for community placement as of June 1987 although, according to the manager of the department's Community Program Branch, the department has not developed facilities for them. All 333 clients require skilled nursing care because of their medical conditions; otherwise, they function at a high enough level to be eligible for community placement. For example, we reviewed the file of one client who had been successfully placed in the community. However, the client was involved in an automobile accident that led to the amputation of the client's leg. Since no appropriate nursing facilities existed for the placement of this client, he was returned to a state developmental center. According to the manager of the department's Community Program Branch, no facilities are being developed for these particular clients at present although the department is awaiting approval for a new type of facility that will provide nursing services to these types of clients. The department anticipates that the first new facilities will be licensed by the summer of 1988.

The Effects of the Department's Inability To Meet Its Placement Goals

Because the department has not met its community placement goals and has not developed community facilities for clients who require skilled nursing services, some of the clients from state developmental centers remain in the generally more restrictive setting of the state developmental centers instead of the community. In addition, in the department's Long-Term Plan for State Hospitals, the department recognizes that benefits beyond the client's welfare accrue to the State if clients from state developmental centers are placed in the community. The department has estimated that if the approximately 3,700 clients from state developmental centers who the department identified in 1984 as being eligible for community placement were placed in the community, the State could realize net cost savings of up to \$19.6 million through fiscal year 1988-89. Furthermore, if the department could reduce the number of clients in state developmental centers by placing clients in the community, the department could transfer the use of two more developmental centers in addition to Napa State Hospital, which the department transferred to the Department of Mental Health in July 1986. These facilities would then serve mentally disordered clients. The department projected that if the Department of Mental Health assumes the vacant facilities, the State might avoid costs of over \$40 million. However, because the department has not met its community placement goals, it appears unlikely that the department will meet its long-term goals of reducing costs and phasing out two additional state facilities.

Corrective Actions Taken
by the Department

Before we began our audit, the department recognized problems existed in the CPP and began to take corrective action. The department commissioned a special consultant to conduct an evaluation of the CPP for fiscal year 1984-85. As a result of this study, the department implemented improvements to the CPP process. The department implemented a pilot project, involving the Sonoma Developmental Center and three regional centers in the Bay Area, with the goals of creating a single regional plan for more effective ways of developing community resources. Through the project, the department also seeks to improve communication among all those involved in the CPP, train providers, and offer post transition services for clients that involve both the provider and the state developmental center.

Finally, the department has also attempted to address the problems related to reimbursement rates for providers. The department developed a new rate system with improvements such as higher rates, new staffing requirements, and a recognition of differences in the cost of housing for different geographic locations. In fiscal year 1985-86, the department conducted a pilot project at three regional centers, using the new rate system. An independent consultant evaluated the results of the project and found that the number of new facilities increased in the pilot areas, in part, as a result of the pilot project. The consultant determined that 35 new facilities were developed in the pilot project's catchment areas while 100 new

facilities were developed statewide. Further, the consultant determined that while the pilot project's catchment areas contained 35 percent of the State's new facilities, the catchment areas account for only 12 percent of the providers in the State. The governor vetoed legislation that would have allowed the department to continue the new rate system statewide in fiscal year 1987-88.

CONCLUSION

In calendar year 1984, the Department of Developmental Services determined that approximately 3,700 clients residing in state developmental centers did not meet the latest admission requirements for these state facilities. The department established the Community Placement Plan (CPP) to develop community facilities for these clients. From fiscal year 1984-85 through fiscal year 1986-87, the department established goals for placing a total of 2,157 of the clients in community facilities and successfully placed 1,702 clients (79 percent). Also, before our audit, the department made several improvements to the CPP. For example, the department commissioned a special consultant to conduct an evaluation of the CPP for fiscal year 1984-85. As a result of the study, the department made several changes to the CPP process. Nevertheless, the department has not met its community placement goals in any of the three years of the CPP because of the lack of appropriate community facilities and the

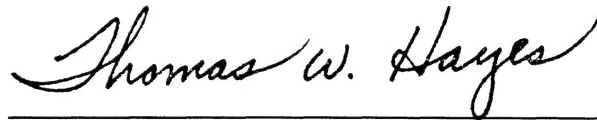
difficulties in developing new facilities. Furthermore, the department has not developed community placements for over 300 clients who need skilled nursing services. Because of these conditions, the department cannot achieve its long-term plan to provide services for eligible clients that allow the clients to approximate the pattern of everyday living that is available to nondisabled people of the same age. Also, the department cannot achieve its long-term goal of reducing the number of clients in state developmental centers and eventually phasing out two more state facilities in addition to Napa State Hospital, which the department transferred to the Department of Mental Health in July 1986.

RECOMMENDATION

To improve the planning process for the CPP, the Department of Developmental Services should reevaluate its long-term plan and goals for reducing the number of clients in state developmental centers and phasing out two more state facilities, taking into consideration a more realistic view of the number of community placements possible.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Thomas W. Hayes". The signature is written in black ink and is positioned above a horizontal line.

THOMAS W. HAYES
Auditor General

Date: November 30, 1987

Staff: Thomas A. Britting, Audit Manager
Clifton John Curry
Daniel W. Gonzales

Memorandum

To : Thomas W. Hayes, Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Date : NOV 18 1987

Subject: Response to Auditor
General Report

From : Office of the Director
1600 Ninth Street, Room 240
3-3131

Mr. Allenby has asked me to respond to your draft report entitled "The Lack of Community Facilities Limits the Placement of Persons with Developmental Disabilities," the purpose of which was to evaluate the Department's implementation of its Community Placement Plan (CPP).

Based on our review of your draft report, we feel it accurately portrays our efforts in implementing the CPP. The report acknowledges two essential points. First, the CPP has been a well-managed program as evidenced by continued evaluation and resulting corrective actions. Secondly, goals were not totally achieved mainly due to factors beyond the immediate control of the Department, especially as they relate to attracting new community service providers.

We are continuing in our efforts to stimulate the creation of a broader range of community resources such as the current Intermediate Care Facility/Developmentally Disabled-Habilitative (ICF/DD-H) licensing category and the proposed Intermediate Care Facility/Developmentally Disabled-Nursing which will address state developmental center clients with nursing care needs. The recent significant rate increases for ICF/DD-Hs are encouraging. Also, rate increase issues for community care facilities remain a high priority for resolution.

While we are developing plans for the creation of additional community services, we also recognize the complexities and difficulties encountered when trying to develop new licensing categories, to make improvements in existing resources, and to attract new persons to the industry. Consequently, we are, at the same time, continually re-examining our CPP goals as demonstrated in Table 1 of your report. While I certainly would like to reach 100 percent of the goal that has been set, achieving almost eight out of ten planned placements represents, in my opinion, a success. This is especially true in light of my paramount concern with the appropriateness of all community placements.

Accordingly, your recommendation that we reevaluate our long-term plans and goals is a good one which, as I indicated, we are currently doing. Any appropriate changes will be included in the 1988-89 proposed Governor's Budget as well as the next update of our Department's five-year Long Range Plan.

In conclusion, I want to thank you for the opportunity to comment on this report and to extend my appreciation for the positive and thorough manner in which your staff conducted this audit.



CARY D. MACOMBER
Director

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps